Proceedings of the Mysore Representative Assembly.

BUDGET SESSION—JUNE 1925.

First Day—5th June 1925.

The Dewan and the Members of Council took their seats at 12 noon precisely, and before the regular proceedings began, Mr. Mahomed Abbas Khan conveyed the felicitations of the Assembly to the Dewan on the Knighthood conferred on him by H. M. the King-Emperor.

Mr. C. B. Srinivasa Rao.—

Sir, I crave permission to say a few words on this happy occasion. Representing the legal interests of the State in this Assembly, I beg to convey to you our respectful felicitations on the high distinction and honour conferred upon you, our Dewan Sahib. You will permit me, Sir, to say that your administration is marked by efficiency and many-sided activities for the good of the people. Of these very many-sided activities, I should like to make one particular mention as a humble student of Law and of Political Science and Institutions. The introduction and the working of the Reforms Scheme inaugurated in your regime, mark an important land-mark. I consider that the respect you have shown for public opinion, the regard and esteem in which you hold the Legislatures of the State, and the wholesome conventions and precedents that you have been setting up, are monuments of your political sagacity and liberal statesmanship. I have no doubt that the name of Sir Albion Banerji will go down to History as one of the makers of Modern Mysore.

Dewan :—

Before proceeding to the business of this House, I have been requested by the members of this Assembly, to put before them a Resolution of Condolence which runs to the following effect :—

"That this House begs to convey its profound sympathy and respectful condolences to Her Highness

Vani Vilas Sannidhana Maharani, C. I., Their Highnesses the Maharaja of Mysore and the Yuvaraja and the Ruling Family on the sad demise of the First Princess of Mysore." I shall convey this Resolution with due respect and submission to His Highness the Maharaja.

The resolution was passed, the whole House standing.

DEWAN.—

I take this opportunity to convey my most sincere and grateful thanks to this Assembly for its congratulations on the honour that has been conferred upon me by His Majesty the King-Emperor. I shall now proceed to read my address.

GENTLEMEN,

It gives me very great pleasure to extend to you, by command of His Highness the Maharaja, a cordial welcome to this year's Birthday Session of the Mysore Representative Assembly. The business before the Session is, as you are aware, principally connected with the presentation by Government of the Budget Estimates for the next financial year and as such, I will not take much of the valuable time of this Assembly by making general observations relating to the administration of the current year which, according to precedent, will come in for review at the next Dasara Session in October.

The financial policy of the State has, during the past three years, attracted considerable public attention and has also been a matter of anxious concern to Government owing to the necessity for a re-adjustment of revenue and expenditure created by recurring deficits which commenced in the year 1918-19. It is not necessary to recapitulate the various measures that His Highness' Government formulated to meet the situation from year to year, the underlying policy being firstly, that there should be balanced Budgets and secondly, that there should be no further borrowing for capital works in the open market, specially as the demand on the revenue account on account of the Sinking Fund and interest charges had already increased beyond the limit which the annual revenues could legitimately bear, and further borrowing would only dislocate the position of equilibrium which it was the endeavour of the State to restore at all hazards, to introduce stability in the State's finances. On previous

occasions, I took the opportunity of pointing out that the gross expenditure of the State having reached the level of Rs. 344 lakhs in 1920-21, the commitments on account of the direct demands on revenue as well as other charges including the contribution towards interest and sinking fund resulted in a deficit of Rs. 21 lakhs according to the budget for 1922-23 and the efforts that have been made during the past three years to improve the situation in accordance with the policy of balanced Budgets have also been summarised in my Budget speeches of June 1923 and June 1924, respectively. To be brief, we have succeeded in effecting the necessary improvements in the revenue receipts as far as possible and also retrenchments in the cost of administration of the various departments, and as a result of both these measures assiduously pursued, deficits have been avoided and there has been a general improvement in the financial position which made it possible without further borrowing, to meet capital expenditure during the past three years, to the extent of a total sum of Rs. 117 lakhs in respect of projects and schemes to which we are already committed. I will now summarise below the actual results of these measures in so far as they can be indicated by the accounts of the three previous years :—

	1922-23	1923-24	1924-25 (revised)
	Rs.	Rs.	Rs.
Revenue	330,70,534	332,57,262	335,59,000
Expenditure	330,47,897	332,02,060	334,62,000
Surplus or Deficit ...	+ 22,637	+ 55,202	+ 97,000

The above figures may be compared with the corresponding figures of 1921-22 which are :—

	Rs.
Revenue	312,05,389
Expenditure	327,45,479
Deficit	—15,40,090

From the above actuals, it will be evident that during the past three years, the gross revenues have increased from Rs. 312,05,389 to Rs. 335,59,000 and the expenditure also shows an advance from Rs. 327,45,479 to Rs. 334,62,000 in the current year according to the revised estimate, although it has to be mentioned that the gross expenditure of 1921-22 was Rs. 344,27,323, the net expenditure being arrived at after meeting a part of the gross from special reserves created to meet departmental expenditure according to the scheme of departmental settlement then in force.

In comparing these figures, it has to be borne in mind that in 1920-21, the total sinking fund and interest charges came to only Rs. 21,75,587 lakhs, whereas in the current year it is Rs. 55,11,000 showing an increase of about Rs. 33 lakhs. Then again, under Material and Moral Development, while the expenditure in 1921-22 was Rs. 52,97,946, in the current year it is estimated at Rs. 52,40,000, thereby showing that although heavy retrenchments have been effected in many branches of the administration, grants have not been withheld for the necessary expansion under Education and other allied departments of development. To proceed further with the comparison, on the Expenditure side under Direct Demands on Revenue, the accounts for 1921-22 showed a gross expenditure of Rs. 47,77,000, and according to the revised of the current year it is Rs. 46,66,000. Under Civil Administration it was Rs. 40,33,000, three years ago and in the current year, it is Rs, 35,70,000. Under protection, it was Rs. 39½ lakhs then and in the current year, it is expected to be Rs. 37¾ lakhs. Under Public Works, it was Rs. 31,09,000, whereas in the current year, it is expected to be about Rs. 25 lakhs, excluding special grants from non-recurring reserve for flood damages to the extent of Rs. 4 lakhs. Under Defence and Army, it was Rs. 63,40,000, whereas in the current year, it is expected to be Rs. 51,98,000. Then again, during these past three years, certain extraordinary revenues were received, out of which expenditure of an unforeseen character had to be met. In 1922-23, we received Rs. 13,27,161 under the Assigned Tract revenue, being a portion of the sum previously withheld, and in 1923-24, we received Rs. 5 lakhs, towards the same item and in the revised estimate of the current year, we have estimated a sum of Rs. 2 lakhs under the same head. In 1922-23, we put away the whole of the extraordinary revenue outside the revenue account and met only Rs. 99,000 and odd from the reserves ; and in 1923-24 we were able to meet unforeseen expenditure on account of the Royal Visit as well as flood and distress and the outlay on the Bhadra project to the extent of Rs. 7,30,000 from the reserves without creating a deficit and in the current year also Rs. 7 lakhs are to be similarly met. The adverse circumstances that were not anticipated during this triennium but for which the financial position would have been very much stronger to-day, are that

under Industrial works we had to write off a loss of Rs. 4,17,000 in 1921-22 which sum increased to Rs. 7,68,000 in 1923-24 and in the revised estimates of this year, we propose to write off a loss of Rs. 5,45,000 under the same head meeting it from the year's revenues. Had it not been for this adverse factor, it would have been possible for us to spend on developments and necessary improvements in the various branches of the administration, sums varying from Rs. 5 lakhs to 7 lakhs at least, during the previous and the current year.

Accounts of 1923-24.

I propose now to review the accounts of the previous financial year with a view to compare them with the Budget Estimates of that year as already stated the Budget of 1923-24 was framed for an estimate of Rs. 331,50,000 under Receipts and of Rs. 330,87,000 under Expenditure. The actual receipts however, were one lakh better than the Budget and the extraordinary revenue of Rs. 5 lakhs enabled us to contribute to the non-recurring reserve, from which we met the unforeseen and extraordinary expenditure, thereby closing the accounts of the year with a nominal surplus of about half a lakh of rupees, the most important item under extraordinary expenditure being the loss of Rs. 7¾ lakhs on the Iron Works and the next in order of importance being the expenditure on account of the relief of distress, flood damages as well as the Viceregal Visit.

Revised Estimates for 1924-25.

Receipts.

According to the Budget programme of the current year which I presented before this Assembly last June, I anticipated a gross revenue of Rs. 336 lakhs and estimated a total expenditure of Rs. 335½ lakhs leaving a surplus of about half a lakh. The revised estimates which are based on the actuals for the first eight months of the year indicate that the Budget Expectations will be more or less realized, for, according to the revised figures, the ordinary revenue is estimated at Rs. 335½ lakhs after writing off a loss of Rs. 5,46,000 in the revenue account, on account of the Bhadravati Iron Works, while the expenditure is estimated

at Rs. 334½ lakhs thereby showing that the expected revenue and expenditure of the year closely approximate to the Budget Estimates, although the details under various heads indicate differences, and I shall now refer to some of the most important of these variations and their causes.

Land Revenue shows a decrease of one lakh of rupees chiefly owing to suspensions and remissions of revenue, and Forests shows an improvement of Rs. 2½ lakhs, of which Rs. 2 lakhs have been contributed by the sale of sandalwood oil. On the other hand, Excise shows a decline of Rs. 2 lakhs owing to the decrease of consumption under Toddy and Arrack. Income from Miscellaneous Taxes shows an improvement of over one lakh of rupees net, after taking into account refunds and drawbacks, and Mining revenue shows a decrease of Rs. 75,000 due to the reduction in the price of gold. There is a satisfactory increase of revenue under Railways to the extent of Rs. 6¾ lakhs owing to improved receipts as well as reduction in the working expenses. The Krishnarajasagara Hydro-electric Works, which now appear under a combined account, show a decrease of over a lakh of rupees due to exchange rate being now higher than that assumed in the Budget, the major portion of the revenue being received in sterling. The Budget Estimate of the current year on account of the Assigned Tract revenue was Rs. 6 lakhs, the actuals being only Rs. 5¼ lakhs. In addition to this, a sum of Rs. 2 lakhs has been received towards the arrears of previous years and this being an extraordinary revenue, has been kept outside the revenue account as in the previous years.

Expenditure.

There is also an excess of nearly Rs. 3½ lakhs on interest on debt and other obligations chiefly caused by the disbursement of arrear interest charges on the State Loan Bonds. The increase of Rs. 4 lakhs under Public Works is due to the larger grants that had to be sanctioned for repairing the damages caused by the floods to roads, bridges and irrigation works. As against, these, there is a lapse of nearly Rs. 3½ lakhs under Education owing to the non-utilization, to the fullest extent, of the grants that had been made for the several new measures sanctioned in the Budget.

General.

To sum up the financial position of the current year, I may say that, overlooking the minor fluctuations which balance each other approximately, the most noticeable improvement in the revenue account appears under Railways, which, however, was lost by the reduction in the revenue of the Hydro-electric works and the mining revenue, owing to adverse rate of exchange and the losses on the operation of the Iron Works already referred to. On the expenditure side, the only notable excess occurs under Interest on Loans which has been counterbalanced by the lapse under Education. Supplemental grants chargeable to revenue, amounting to about Rs. 5 lakhs, have been sanctioned with the approval of the Legislative Council, but some of these grants do not represent addition to the year's total actual expenditure as they have been sanctioned with a view to increase revenues, and the revenue actuals will therefore show corresponding improvement. Additional grants amounting to Rs. 5 lakhs have been sanctioned for works for repairing damages caused by the floods, but this will be met from the special reserve for non-recurring expenditure which was augmented by a contribution from the revenue of the previous year to meet such non-recurring and unforeseen expenditure. On the whole, the aggregate expenditure of the year is expected to be about a lakh of rupees less than the Budget Estimates and the year is expected to close with a surplus of about a lakh of rupees according to the revised figures.

Revised Estimates of the Capital Grants for 1924-25.

The Budget grant for all the capital works was Rs. 47 lakhs and the expenditure according to the revised estimate is Rs. 45 lakhs. An excess of Rs. 1½ lakhs has occurred under Krishnarajasagara Hydro-electric works and irrigation works now shown in a combined account, due to additional grants for the purchase of stores in the Electrical Department. There is a decrease under the sanctioned grant for the Iron Works as a part thereof has not been actually spent and will have to be re-allotted in the next year for the purchase of plant and machinery already sanctioned. It has been possible to meet the

whole of the 45 lakhs of rupees capital expenditure of the current year, without any borrowing, from the cash resources of the State.

Budget Estimate for 1925-26.

Before presenting the Budget Estimates for the next financial year, I think it necessary to briefly refer to a few important factors that are likely to influence the financial operations of the next year. In the first place, it is necessary to remember that some of our important heads of revenue are realized in foreign currency and some of our payments are likewise made in that currency. I refer to the sandalwood oil revenue, and the price of power supplied to the Kolar Gold Mining Companies which in the gross, come to about £ 400,000 per annum. At the rate of one shilling four pence to the rupee, nearly 60 lakhs of rupees were being realised from these sources, but owing to the higher rate of exchange which has been prevailing for some time past, there has been an appreciable shrinkage of revenue under these heads, which may be estimated at about Rs. 7 lakhs. For our Budget calculations of next year, it is necessary to assume a rate of exchange although it is impossible to forecast the average rate with any degree of certainty. Following, however, the Government of India assumption in their budget for next year which is 1s. 6d. to the rupee, our sterling revenue estimates will come to only about Rs. 53 lakhs instead of Rs. 60 lakhs at the rate of 1s. 4d. It is necessary to mention that payments in foreign currency will, no doubt, receive the benefit of the higher rate of exchange if it actually prevails and this factor which is favourable will, however, not benefit the revenue account as the advantage will go mostly to the expenditure under capital grants. There is yet another adverse factor seriously affecting the recurring revenues of the State and this relates to the revenue for supply of power to the Gold Mining Companies under the existing contracts. The rates that have been in force during the past ten years will, from 16th July 1925, be reduced at the rate of £2 for the three classes of power supplied and as the reduced rates will operate throughout the next year, the reduction of revenue under this head is estimated to be about Rs. 5 lakhs. Then again, we have to face another shrinkage of revenue, namely, that under royalty payable to Government on gold produced

by the Kolar Mines as calculated on its sale proceeds. The value of gold has been, for some time past, steadily on the decline and with the restoration of the gold standard in England, the premium on gold has practically disappeared. As a result of this and also of the exchange rate of 1s. 6d. assumed in the Budget, the silver price of gold for estimating the royalty has to be taken at a reduced figure and the loss caused thereby may be estimated at Rs. 1½ lakhs. There is yet another factor responsible for reduced revenues for the next year and that relates to the receipts under surplus revenues of the Civil and Military Station. As a result of protracted negotiations relating to this matter, a new agreement has been reached—an agreement which is to come into effect in respect of the surplus to be received by us in the next financial year—and according to that agreement, the Mysore Government will receive only three-fourths of the surplus which will be calculated with reference to the *datum* line, representing the normal annual expenditure on the administration of the tract, the remaining one-fourth being credited to the tract for development purposes, it being stipulated that all income from productive works financed from the revenues of the C. & M. Station should be treated as revenue of the Assigned Tract and in the event of the capital of any productive works being found both by the Tract and the Station Municipality, the net revenues shall be shared by them in the ratio of their contribution towards that capital. On a comparison of the average amount received under this head during the past three years, the revenue estimate for the next year will show a decrease of about Rs. 3 lakhs. There is also a serious shrinkage expected under one of the principal heads of revenue, *viz.*, Excise under which there is a decrease of Rs. 2,36,000 in the revised as compared with the Budget to which I have already referred. There is a further anticipated decrease of roughly Rs. 2¼ lakhs in the estimates of the next year under this head. Experience shows that the Excise revenue is steadily coming down at the rate of about Rs. 2 lakhs every year from the time it reached the highest level of Rs. 77,22,000 in the year 1920-21. This gradual decline has to be faced in the future years also.

With these preliminary observations relating to the circumstances of an adverse character facing the Government of His Highness and rendering the position of the

next financial year extremely difficult, I will now proceed to explain the Budget estimates which have already been circulated to the members of this Assembly.

The total revenues have been estimated at Rs. 339,79,000 and the total expenditure at Rs. 339,38,000 leaving a small surplus of Rs. 41,000. Under receipts, an increase may be noticeable under Land Revenue when compared with the previous estimates, which is due to the introduction of resettlement in certain taluks and the collection of the arrears of revenue which had been suspended, besides a closer scrutiny of Demand under the Revenue Audit system. The decrease under Excise, Assigned Tract Revenue, Mining Revenue and Krishnarajasagara Hydro-electric works has already been referred to. Under Miscellaneous, there is a large increase of Rs. 3 lakhs due to the credit to the general revenue account of the difference between receipts and expenditure on account of advances for the food-supply operations, the accounts in respect of which, have now been audited and the net result as shown above remains to be adjusted finally. This excess credit in the advance account practically represents the expenditure on the special establishments employed by Government for attending to the arrangements necessary for making food grains available to the public at cost price. This expenditure was met from the general revenues in the first instance and the present credit is really in reimbursement of it. It is anticipated that there will be no loss under Iron Works in the next year and it is hoped that there will be no further decline in prices and that the cost of the operations will be fully met by the value of the products manufactured during the year. It has to be added that the cost of the closing stock at Bhadravati has been written down to the level of the present market rates.

Turning now to the expenditure side of the Budget Estimates, it will be observed that there are no very large variations compared with the current year's revised figures. Under Interest on Debt and other obligations, only the normal demand has been provided for. There is an increase under Pensions chiefly due to a large number of retirements and there is an appreciable increase of Rs. 4¼ lakhs compared with the current year's revised estimate under Education. But it has to be admitted that owing to the limited possibilities of our general financial condition at present, the grant does not provide

for all the urgent educational needs according to the sanctioned programme. The Public Works grant has been limited to roughly Rs. 25½ lakhs, a figure which is about the Budget grant of the current year, although there is demand for an increased grant both under Irrigation and Civil Works and many urgent new works have to be postponed for want of funds. Under Protection, the Budget grant of the next year is less than the estimates of the current year although it shows an advance of about Rs. 62,000 over the revised figure. Under Army, the standard of expenditure according to the existing scale has been provided for, although there is a scheme for the re-organization of His Highness' Military Forces, but it is not anticipated that this will be taken up in the near future pending the settlement of the general question of the reduction of the Subsidy.

A closer examination of the Budget Estimates as now presented will show that certain adverse factors have prevented His Highness' Government from making a further advance in the introduction of the beneficial measures in the several departments of administration and if the Budget is really balanced, it is partly due to the fact that in the next year's revenue account, a credit of Rs. 3¼ lakhs has been taken into calculation on account of the net result of the food-supply operations and no loss is estimated under Iron Works. The total shrinkage of revenue owing to causes explained already, amounts to no less than a sum of Rs. 18 lakhs and the net increase of expenditure as compared with the Budget grant of this year as well as the revised figures thereof is roughly Rs. 4 lakhs mainly provided under Moral and Material Developments. It has not been found possible to sanction all the new schemes proposed by the University and the University has been given a grant of Rs. 7¼ lakhs out of which will be met the expenditure connected with the introduction of the Electrical Engineering course in the Bangalore Engineering College, and the institution of the Teaching Faculty in the University.

The University has been insistently pressing for larger grants from Government to introduce necessary developments in various directions, but it can only receive, as any other department of the State, grants in proportion to the total funds that are available. The primary obligation to provide for interest and sinking fund charges has been fulfilled although there is a very strong temptation

to cut down the total contributions to the sinking fund to meet some of the pressing demands of the development departments. Such a temptation has been resisted and the full grant of Rs. 18,78,000 has been provided for under sinking fund charges in respect of all the loans. I confess that, had we not the credit of Rs. 3¼ lakhs referred to above, we should have had, with the shrinkage of revenue explained above, to reduce our contribution towards the sinking fund, to balance the Budget. The demands that the Budget Estimates of expenditure of the next year have not been able to provide for, relate chiefly to the University, Education, Agriculture, Grants to Municipalities and Local Bodies, Medical and Sanitation, Irrigation Works, Civil Buildings, etc., in respect of all of which, the demand amounts to not less than Rs. 10 lakhs and there may come a day when it will be necessary to find additional funds over the standard of expenditure that is fixed in the Budget to meet such pressing demands which it will be impossible to resist in the near future.

Budget Estimates, 1925-26.—Capital Account.

The total amount proposed to be provided for all capital works in the next year is Rs. 53¾ lakhs. The grant for Railways which is Rs. 10,70,000 is for normal capital works. Nine lakhs of rupees have been allotted for the Krishnarajasagara to complete, as early as possible according to expert advice, the Weir and Dam Works. The provision allowed for Iron Works mostly represents the renewal of the lapsed grants of this year for sanctioned works. The two large demands of the Electrical Department in the next year for which allotments are proposed are the Reconstruction of the Bangalore Transmission Line and the VII Installation Works. The former is a sanctioned work in progress and the latter is a new seheme and its essential features may be briefly touched upon.

VII. Installation Works.

Before dealing with this particular scheme of further developments at Sivasamudram, it may be of general interest if I give a brief resume of the progress, stage by stage, of the works at Sivasamudram during the past 25 years.

The First Installation at Sivasamudram was sanctioned in 1900 providing for the generation of 6,000 H.P. chiefly for the supply of the demand for power by the Mining Companies. The second Installation was completed in 1904 bringing the total generating capacity up to 11,000 H.P. of which the Mining Companies consumed 9,321 H.P. leaving about 1,500 H.P. for consumption in Bangalore and Mysore Cities. The third Installation was erected in 1907 and the capacity of the generating station was increased thereby to 13,000 H.P. which figure remained until 1915. In that year, the fourth Installation was completed raising the capacity to 17,000 H.P. But the demand from the mining companies as well as the Bangalore and Mysore Cities having rapidly increased and very quickly exceeded this capacity, it necessitated the sanction of a fifth Installation which raised the generating capacity to 22,000 H.P. This work was completed in 1917. As the demand further grew, the Government sanctioned in 1919 a sixth Installation to raise the capacity to 34,000 H.P. and this was largest installation that was taken in hand, the capital cost involved being, according to the revised estiinate of expenditure on account of its first stage, a sum of Rs. 48,52,907. With the progress of works relating to the sixth Installation, the gross revenues of the Electric Department were substantially increased from year to year and during the past three years and the current year, the total additional revenue was Rs. 48,62, 785 which in fact, represented in the aggregate, the total capital cost of the first stage of the sixth Installation. The revenue for the year 1920-21 was Rs. 30,22,730 and would have remained at that figure had not the sixth Installation been sanctioned, the total capital cost of which has already been recovered during the four years mentioned above. Besides the realization of the full capital cost of this development scheme, there is the resulting advantage of a general improvement of the efficiency of the plant as a whole and we have been able to generate a greater amount of power with the same amount of water available.

Turning now to the new scheme in contemplation, namely, the seventh Installation, it is necessary to state that in addition to the demand for power up to which the sixth Installation increased the plant capacity, there is an additional demand up to 12,800 H.P. which has to be taken into account, the major portion having already been

applied for and only a small portion allowed under normal growth of industries and lighting. Until the High Level canals are built under the Krishnarajasagara and irrigation developed, it would be advantageous to utilize the water available and increase the discharge at Sivasamudram and thereby generate additional power there to meet this excess demand. The estimate for the seventh Installation and the connected works necessary for transmission progress and the latter is a new scheme and its essential few lines may be briefly touched upon.

And distribution of the extra 14,000 H.P. will amount to Rs. 34,37,254. The gross revenue in the budget year is estimated to be Rs. 44,32,000 and the seventh Installation as soon as it is in operation will bring an additional revenue of Rs. 18½ lakhs per annum which will represent a return of 33 per cent on the total expenditure. It is proposed to finance this scheme from our general capital resources without recourse to public borrowing and the grant allowed for this in the next year is Rs. 20 lakhs. The project was placed before the Finance and Taxation Committee and has had their approval and I have no doubt that this Assembly as well as the Legislative Council will, without any hesitation, accept the scheme as eminently satisfactory from the financial point of view.

Triennial programme.—Aims and Results.

Our policy since 1922-23 has been governed by the Triennial Programme of financial readjustments, the need for which I explained in my Budget Address of June 1922. The period of three years for which this programme was drawn up expires with the next year and I should like, therefore, to place before you a brief account of the results achieved in accordance with it.

The main object of the financial policy then adopted was to remove the condition of recurring deficits. This object, I am glad to be able to say, has been attained as the next will be the fourth year in succession in which the Revenue Account has been kept in a condition of equilibrium. In every one of these four years, the heavy demands on account of the service of debt incurred for Productive Works, which either do not pay at all or pay only a part of the cost of capital invested on them, have been fully met. To the extent the limited resources permitted, pressing demands and measures of improvement

and development have also been met, as far as possible. The amount of annual deficit to be covered when the policy was first formulated was as large as Rs. 21 lakhs. The wiping out of this deficit, as also of the fairly large addition made to it by reduced revenue and increased expenditure, to which I have referred in dealing with the current year's Revised estimate and the next year's Budget estimate was a task of no small difficulty and that it has been possible to reach and maintain the balanced position in four consecutive years is due, in no small degree, to the support extended by this Assembly and the Legislative Council as also by the public in general to the various measures adopted by Government for reducing the finances into order.

The other objects of the programme were to classify the finances according to their nature and keep them independent of each other, as far as possible. I shall now make a brief review of the results attained in the triennium.

It was proposed to improve the Account of the Administration Finance by increasing revenue from Rs. 251 lakhs to Rs. 276 lakhs, *i.e.*, by Rs. 25 lakhs and reducing expenditure by Rs. 7 lakhs, with the object that, of the total improvement of Rs. 32 lakhs, Rs. 24 lakhs might cover the deficit which existed in this Account and the balance be used for resuming contributions to the Famine Insurance Reserve and the Reserve for Special Non-recurring expenditure. Of the increase of Rs. 25 lakhs in revenue, as much as Rs. 22 lakhs has been already secured as the revenue according to the budget for 1925-26 is Rs. 273 lakhs, against Rs. 276 lakhs aimed at. The improvement of Rs. 25 lakhs would have been fully realised had not the head of Excise, which was taken at Rs. 70 lakhs in the initial standard and was expected to remain stationary, declined to Rs. 65 lakhs in the next year's Budget. I did not expect that there would be such a big drop in this item of revenue so soon. On the expenditure side of this Account, the object was to effect a reduction of Rs. 7 lakhs. About a half of the reduction has, as a matter of fact, been made under some heads, but it has proved impossible to resist the growth of expenditure on some other heads, especially Education. The net increase in expenditure in the next year's Budget, compared with the initial standard is Rs. 11 lakhs, of of which as much as Rs. 6½ lakhs appears under the one

head Education. The statement which I append to this Address shows the heads under which decreases and increrses have occurred.

The account of Financial Investments and Productive Works had, on the standard of the Budget for 1922-23, a revenue of Rs. 46 lakhs against a demand of Rs. 54 lakhs to be met from it. The improvement aimed at in this Account was accordingly to wipe out this deficit of Rs. 8 lakhs and also create, if possible, a surplus of Rs. 15 lakhs to be devoted mainly to the development of irrigation and industries. Of the demand of Rs. 54 lakhs on the revenues of this Account, it was proposed to meet Rs. 11 lakhs by drawing each year upon the Railway Sterling Loan Sinking Fund for a period of five years, according to the scheme which we submitted for the sanction of the Right Hon'ble the Secretary of State. This proposal has materialised, although not exactly in the form in which it was originally framed. We now get a sum of Rs. 5 lakhs annually for a period of 20 years for our Capital Expenditure which is a substantial advantage gained. A small revenue of Rs. 3 lakhs was anticipated from the Iron Works, but this anticipation has not been realised. The Railway net receipts show an appreciable improvement, but the reduction in the rates for power charged to the Gold Mining Companies is responsible for a decrease of about Rs. 5 lakhs. But for these two adverse factors, the revenue in the next year would have been Rs. 63 lakhs instead of Rs. 55 lakhs. In spite of the disappointment under Power Revenue and Iron Works, the position of this Account has been substantially improved as, on the Budget figures for next year the revenue of this part amounts to Rs. 55 lakhs while the demands to be met from it aggregate Rs. 47 lakhs; or in other words, the deficit of Rs. 8 lakhs has been removed and a surplus of Rs. 8 lakhs created. When the contemplated expansion of Electrical Department is carried out, the resources of this Account will be considerably improved and it will help to furnish adequate funds for Industrial and Irrigational developments in the near future.

Sinking Funds for Loans.

The loans which require the formation of Sinking Funds are the 6¼ per cent loan floated in 1920-21 and the 6½ and 7 per cent loans raised in 1921-22. Including the

contributions proposed in the Budget for next year, 5 out of 10 instalments for the 7 per cent loan, 5 out of 20 instalments for the 6½ per cent loan and 6 out of 20 instalments for the 6¼ per cent loan have been paid. Aggregate amount of these three Sinking Funds at the end of next year, amounts to Rs. 110 lakhs and accumulated at compound interest at 6 per cent, it is sufficient for repaying Rs. 187 lakhs out of the aggregate debt of about Rs. 3½ crores.

Bhadravâti Iron Works.

The budget for 1924-25 provides for a grant of Rs. 17,25,100 on account of expenditure on operation. According to the revised estimate based on the actuals of nine months, the expenditure is expected to be slightly less, that is, Rs. 17,2 ,000 although the output of pig iron is estimated at 18,050 tons as against 16,200 tons originally anticipated when preparing the budget. The increase in production without any corresponding increase in expenditure is due to the reduction in the unit cost per ton. The total expenditure on operation in 1925-26 is estimated at Rs. 15,82,000, about Rs. 1,38,000 less than the expenditure during the current year, but the output of pig iron will be increased by another 1,800 tons with a proportionate expansion in the yield of by-products.

The depression in the iron industry during the current year has been the severest since the close of the war. In consequence, the works have incurred a loss of Rs. 5,45,000 of which, about Rs. 2,07,600 is due to the reduction in the value of stock brought forward from the previous year. The outlook for the future is more hopeful although it is impossible to predict what the future course of prices will be.

Subsidy.

I indicated in my last Dasara Address, the stage of our negotiations with the Government of India for the reduction or remission of the Subsidy. I stated that a definite representation on the subject had been made to that Government and that we were eagerly expecting that it would be dealt with in a spirit of broad statesmanship and justice and that its equitable decision would afford considerable relief to our finances which have, for a very

long time, been subjected to undue strain on account of Military obligations imposed directly and indirectly. We have now heard from the Government of India in reply to to our representation, and the manner in which the scheme of rebate of subsidies or tributes is proposed to be applied to our case is, I regret to state, unlikely to give us any substantial financial relief. Any reduction of the Subsidy which the scheme offers is conditional on our Military Forces being re-organized for purposes of Imperial Defence. The subject is now engaging the further consideration of His Highness' Government.

Conclusion.

In concluding this Address, I should like to place before this Assembly a few of the outstanding features of our present financial position as disclosed in the budget estimates of the next year.

In the first place, as I have stated on previous occasions, the revenue possibilities of Mysore under the limitations to which we are subjected are inelastic and it is difficult to foresee how our finances will, in the future, be adjusted to the growing needs of the administration which it is not possible to resist in the near future. Every effort has been made during the past three years to augment our resources as far as possible even with the imposition of additional taxes. As against the improvement secured thereby, the administration is confronted with the fluctuating charcter of some of the main heads of revenue due to causes of an external nature entirely beyond our control such as exchange, the price of gold, the decrease in the Excise revenue, etc., to which reference has already been made. Leaving out of account the revenue taken credit for in the budget estimates on account of the net results of the food-supply operations which was of an unusual and non-recurring character, it may be stated that the standard of revenue possibilities of Mysore at the present time can be fixed roughly at about Rs. 336 lakhs. This will mean that within the past three years, the revenue has increased from Rs. 312 lakhs in 1921-22 to Rs. 336 lakhs in the current year, showing a net increase of Rs. 24 lakhs. It is possible that owing to special measures in contemplation for safeguarding the revenues under existing arrangements in all departments, measures which will be the outcome of the detailed investigation of the

Revenue Audit Officer, we may be able to increase this figure to about Rs. 340 lakhs. But even this figure does not meet the standard of expenditure that has been provided in the next year's budget, *viz.*, Rs. 341·27 lakhs and it therefore behoves us to further examine the possibilities if there be any, of reduction of expenditure under any of the heads, to continue our policy of balanced budgets in future years. It is not in this connection possible to overlook the advance in expenditure under Education, Local Self-Government and the need for additional grants to several of the regular departments of administration which cannot remain stagnant owing to financial stringency. So, the position is that we must either have the prospect of a material increase to our annual resources within the next few years to the extent of at least another Rs. 5 lakhs per annum to meet the situation that will face us, and also reduce expenditure under certain heads or we shall have to revert to a period of recurring deficits. If no relief is to be granted in connection with the subsidy of Rs. 35 lakhs, the only course that is left open to us is to reduce considerably our military expenditure which at present comes to a total of Rs. 52,33,000 including Rs. 35 lakhs of the subsidy. I have previously made a reference to the question of customs and that is a matter now under the consideration of the Government of India, but in regard to our internal economy I see little or no prospect of further reduction in the expenditure of the State under the several departments of administration without seriously impairing their efficiency. So, the position will continue to cause serious anxiety to His Highness' Government so long as the present position of tension and uncertainty remains unaffected. Our Railway net receipts are looking up, but further expansion of our railway policy is urgently called for, specially to open up the Malnad districts. The only bright feature in our financial situation to-day is the growing character of our electric revenue; and the maximum possibilities relating to our Hydro-electric developments will no doubt be fully investigated and our resources augmented as far as possible in this direction, but even then, a limit will have to be reached in the next few years and the whole question of financing the developments under the Krishnarajasagara Reservoir will come in for solution as a serious and difficult problem especially as very large capital investments will be necessary to complete the High Level canal scheme. The resources

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REVENUE

RECEIPTS	Initial standard	Improvement in 3 years	Position at the end of 3 years	Budget, 1925-26	Improvement secured	Remarks
PART I—Normal Revenue and						
Land Revenue ...	113	10	123	123	+10	
Forest	29	3	32	32	+ 3	
Excise	70	...	70	55	— 5	
Income, etc., Taxes ...	11	3	14	19	+ 8	
Stamps ...	16	6	22	19	+ 3	
Registration ...	3	...	3	3	...	
Service Departments ...	9	...	9	12	3	
Improvement under other heads.	...	3	5	...	...	
Total ...	251	25	276	273	+22	
DEFICIT ...	24	...	...	13	...	
Total ...	275	...	276	286	...	
PART II—Uncertain Revenues						
Surplus Revenue of C.M.S.	...	...	...	4	+ 4	
Mining Revenue ...	13	...	13	12	— 1	
Total ...	13	...	13	16	+ 3	
PART III—Revenue from Financial Investments						
Interest	9	...	9	9	...	
Railways (Net) ...	10	3	13	19*	+ 9	* Includes contribution of Rs. 4 lakhs to Depreciation Fund.
K. R. S. and Elec. (Net)	27	6	33	27	...	
Iron Works ...	...	3	3	...	...	
Total ...	46	12	58	55	+ 9	
DEFICIT ...	8	...	...	...	...	
Total ...	54	...	58	55	...	
Grand Total of Parts I, II and III.	310	37	347	344	34	
DEFICIT ...	21	...	...	...	...	
Grand Total ...	331	...	347	344	...	

FINANCE.

[Figures in lakhs of Rupees.]

EXPENDITURE	Initial standard	Improvement in 3 years	Position at the end of 3 years	Budget, 1925-26	Improvement secured	Remarks
Service Expenditure.						
Direct Demands on Revenue.	48	...	...	47	−1	
Palace	24	...	...	26	+2	
Civil Administration ...	34	..	...	37	+3	
Protection	40	...	...	38	−2	
Public Works ...	23	...	...	24	+1	
Moral and Material Department.	50	...	...	57	+7	
Local Self-Government	3	...	...	4	+1	
Army and Defence ...	53	...	...	53	...	
Reduction in Expenditure.	...	−7	...	...	...	
Total ...	275	−7	268	286	+11	
SURPLUS ...	...	...	8	..	...	
Total ...	275	...	276	286	...	
and Capital Receipts.						
Charges against Mining Revenue.	2	..	2	2	...	
SURPLUS ...	11	...	11	14	...	
Total ..	13	...	13	16	...	
and Productive Works and Debt Service Charges.						
Interest on Loans and Sinking Fund.	54	...	54	52	−2	
Deduct—Contributions from Railway Sterling Loan Sinking Fund.	...	−11	−11	−6†	...	†Shown outside Revenue Account in Estimates and Accounts
Total ...	54	−11	43	47	−7	
SURPLUS ...	...	...	15	8	...	
Total ...	54	...	58	55	...	
Grand Total of Parts I, II and III.	331	...	313	335	...	
SURPLUS ...	...	...	34	9	...	
Grand Total ...	331	...	347	344	...	

The next item of business taken up was interpellations.

INTERPELLATIONS.

BY MR. MAHOMED ABBAS KHAN (Bangalore City).

Q.—**1.** Will the Government be pleased to state :—

(1) The number of vacancies of Prosecuting Inspectors recently advertised to be filled up ?

(2) The number of Prosecuting Inspectors actually appointed and the communities to which they belong ?

(3) The number of applicants, who applied for the vacancies and the number of those who belonged to the backward communities ?

(4) Were not all the applicants of the backward communities Law graduates ?

(5) Is it not a fact that 3 of the applicants were Mahomedan graduates ?

(6) Why were the claims of candidates of the backward communities overlooked, though they were better qualified ?

FIRST MEMBER.—

A.—(1) Two

(2) 3 Brahmins of whom one is a Hale Karnataka.

(3) 23, of whom 5 were Non-Brahmins.

(4) The answer is in the affirmative.

(5) The answer is in the affirmative.

(6) The selection of candidates was made by the Inspector-General of Police after considering not only their academical, qualifications, but also their physique, aptitude for Police service, and ability to read Police records and case diaries in Kanarese. They were also subjected to a *viva voce* examination to test their sharpness in comprehending facts and giving prompt and sensible replies.

Supplementary Questions.

Mr. G. Paramasiviah.—

With reference to answer to question No. 1 (6), will the Government be pleased to state whether the answer implies that none of the Non-Brahmin applicants for the vacancies was up to the required standard ?